

College financial aid

With tuition bills and room and board costs skyrocketing, students and their families are looking for creative ways to finance a college education. Unfortunately, many families fall prey to scholarship and financial aid scams.

Unscrupulous companies promise scholarships, grants or fantastic financial aid packages. Many use high pressure sales pitches at seminars where you are required to pay immediately or risk losing out on the “opportunity.”

Guarantees

Some bogus companies make false guarantees that they can get scholarships on behalf of students in exchange for an advance fee. It is a scam! Most offer a “money back guarantee” – but attach conditions that make it impossible to get a refund.

Scammers do not provide anything for the student’s advance fee – not even a list of potential sources. Still others tell students they have been selected as “finalists” for awards that require an up-front fee.

Sometimes, these bogus companies ask for a student’s checking account information to

“confirm eligibility,” then debit the account without the student’s consent. Other companies quote a small “monthly” or “weekly” fee and then ask for authorization to debit your checking account – for an undetermined length of time.

Other companies claim they have programs that could make you eligible to receive financial aid, including grants, loans, work-study and other types of aid. For a processing fee, they will handle all the paperwork.

Caution

Experts caution that the only application that will determine eligibility for all programs is the Free Application for Federal Student Aid (FAFSA).

The Bureau of Consumer Protection cautions students to look and listen for these tell-tale lines:

- “The scholarship is guaranteed or your money back.”
- “You cannot get this information anywhere else.”
- “I just need your credit card or bank account number to hold this scholarship.”
- “We will do all the work for you.”
- “The scholarship will cost some money.”
- “You have been selected” by a “national foundation” to receive a scholarship.
- “You are a finalist” in a contest you never entered.

Seminars

If you attend a seminar on financial aid or scholarships, follow these steps:

- Take your time. Do not be rushed into paying at the seminar. Avoid high-pressure sales pitches that require you to buy now or risk losing out on the opportunity. Legitimate opportunities are not sold through high pressure tactics.
- Investigate the organization you are considering paying for help. Talk to a guidance counselor or financial aid advisor before spending your money. You may be able to get the same help for free.
- Be wary of “success stories” or testimonials of success – the seminar operation may have paid “shills” to give glowing stories. Instead, ask for a list of at least three local families who have used the services in

the last year. Contact those families and ask if they are satisfied with the products and services received.

- Be cautious about purchasing from seminar representatives who are reluctant to answer questions or who give evasive answers to your questions. Legitimate business people are more than willing to give information about their service.
- Ask how much money is charged for the service, what services will be performed, and the company's refund policy. Get this information in writing. Keep in mind that you may never recoup the money you give to an unscrupulous operator, despite stated refund policies.

Legitimate

Many legitimate companies advertise that they can get students access to lists of scholarships in exchange for an advance fee. Other legitimate services charge an advance fee to compare a student's profile with a database of scholarship opportunities and provide a list of awards for which a student may qualify. There are also scholarship search engines on the Internet.

Legitimate companies never guarantee or promise scholarships or grants.

It is extremely rare for legitimate organizations to charge a processing fee for a scholarship. Some criminals imitate legitimate foundations, federal agencies, and corporations. Do not be

fooled by official-sounding names.

Do not give anyone your bank account or credit card information or your Social Security number (SSN) unless you are working directly with the Free Application for Federal Student Aid (FAFSA). Giving personal identification information to scammers could be used to steal your identity.

Assistance

If you have any questions, or require additional information on student financial assistance contact:

- Your high school guidance counselor.
- The financial aid officer at the postsecondary institution you plan to attend.
- The Federal Student Aid Information Center, toll-free at:
1-800-4-FED-AID
(1-800-433-3243)
- The U.S. Department of Education – Federal Student Aid office offers a comprehensive resource on student financial aid titled "Funding Your Education: The Guide to Federal Student Aid."

This guide tells you about the three major forms of aid programs available through them (grants, loans, work-study) and how to apply. It can be found with additional information at:

studentaid.ed.gov/sa

- To apply for federal aid and to apply for many state student aid programs, students must

complete a Free Application for Federal Student Aid (FAFSA). The FAFSA can be completed online at:

fafsa.ed.gov

For more information or to file a complaint, visit our website or contact the Bureau of Consumer Protection:

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(Some information taken from the FTC fact sheet
"Scholarship and Financial Aid scams.")

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